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RUEHHK/AMCONSUL HONG KONG 6987
RUEHGH/AMCONSUL SHANGHAI 0442
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RUEAIIA/CIA WASHDC
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S E C R E T SECTION 01 OF 03 TAIPEI 003522

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TAGS: [PGOV](#) [PREL](#) [APECO](#) [TW](#)

SUBJECT: PRESIDENT CHEN AND DIRECTOR DISCUSS BILATERAL
ISSUES AND TAIWAN DOMESTIC POLITICS

REF: A. HANOI 2616

[1](#)B. STATE 168287

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

[1](#)1. (S) Summary: The Director briefed President Chen Shui-bian on October 12 on his recent consultations in Washington, underscoring the importance Washington attaches to Taiwan's passage this fall of a robust defense budget. President Chen stressed his strong determination and his expectation that the defense budget will be approved. The Director informed Chen that Vietnam has agreed to send a special APEC envoy to Taiwan around the end of next week. President Chen pointed out to the Director that he had avoided including any reference to the controversial issue of constitutional revision in his two national day speeches on October 10. Chen was most enthusiastic when he turned to the domestic political trends that he saw turning in his favor, expressing confidence he would serve out his full term until [1](#)2008. He argued that Kuomintang (KMT) Chairman and Taipei Mayor Ma Ying-jeou's chances of becoming the KMT presidential candidate in 2008 have been seriously damaged because of his "concessions" to the Shih Ming-te protest movement against the President. Chen told the Director that while he fully respected freedom of speech, he intended to take firm action against those responsible for illegally disrupting an honor guard and vehicle movements at the national day ceremony. End Summary.

[1](#)2. (S) The Director, accompanied by DDIR and notetaker, met with President Chen Shui-bian, accompanied by Presidential Office Deputy Secretary General Liu Shyh-fang, notetaker, and interpreter, at the Presidential Office on October 12 to discuss his consultations in Washington, bilateral issues, and Taiwan's domestic political situation. The Director expressed appreciation for President Chen's stressing the importance of strengthening defense in his October 10 national day speech. The Director briefed Chen on his consultations with senior officials in Washington, noting that he had focused on three subjects: the Taiwan political

situation, the defense budget, and economic ties.

Vietnam and APEC

13. (S) The Director informed Chen that, under instructions, our Embassy in Hanoi has recently made a high-level approach to the Vietnamese government, urging it to send a special envoy to Taiwan regarding the APEC meeting. The Vietnamese promised our Embassy that they would send an envoy to Taiwan around the end of next week (Refs a-b). While not optimal, this was something, and the Vietnamese had said they would follow past APEC practice.

Chen to Push Hard on the Defense Budget

14. (S) President Chen stressed to the Director that he had personally added into the draft national day speech the section urging the Legislative Yuan (LY) to pass the defense budget, which underscored his own determination to see the defense budget approved. He had discussed the issue with LY Speaker Wang Jin-pyng (KMT), who was optimistic that the LY would pass the supplementary defense budget from last June, which has been blocked in the LY Procedure Committee. Chen said he would continue pushing both the supplementary and the regular defense budget. The regular defense budget will be voted on at the end of the LY fall session and should pass. Ma Ying-jeou and Wang Jin-pyng clearly understand the importance of the defense budget being approved this LY session. Although People First Party (PFP) Chairman James Soong also clearly understands the need, he has not shown a willingness to cooperate. Chen agreed with the Director that

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the important point was to achieve results and not give the opposition any excuse to oppose the defense budget.

No Constitutional Revision in National Day Speeches

15. (S) Chen underscored to the Director that he had made no reference to the issue of constitutional revision in either his indoor or outdoor national day speeches on October 10.

National Day Ceremony Disruptions

16. (S) Turning to the protests that had taken place at the October 10 national day ceremony, President Chen stressed that he and the government fully respected freedom of speech, including even the heckling and display of banners by pan-Blue legislators and others during the ceremony. However, speaking with some passion, Chen asserted the government could not tolerate illegal disruption of the ceremony itself. The government would take legal action against those who had disrupted the march of the honor guard and those who had pounded on vehicles carrying foreign dignitaries departing the ceremony. In addition, Chen said he had asked for an immediate report from national security officials and the armed forces on the disruptions. The government will take administrative measures against any national security or armed forces personnel who were derelict in performing their duties at the ceremony, and Chen added that he would make personnel changes if necessary.

Anti-Chen Movement a Bust

17. (S) Chen assured the Director that the "Red Tide" (i.e., Shih Ming-te's anti-Chen movement) was not winning much support and the second recall vote against him would fail again on Friday. At a state dinner the previous evening, Chen noted, Wang Jin-pyng had told the president of Honduras that the recall vote would definitely fail, that he expected

President Chen to serve out his full term until 2008, and that he also expected there to be further positive accomplishments in this period.

Shih Ming-te Is Dragging Down Ma Ying-jeou

18. (S) Asked about Shih Ming-te, Chen said simply, "Ignore him." Shih will not be satisfied regardless of the results of the prosecutor's report and will continue to protest, Chen predicted. The person most damaged by Shih's movement is Ma Ying-jeou, Chen said gleefully. According to DPP internal polls, dissatisfaction with Ma is now over 50 percent, while his approval rating has declined from a high of 76 percent following his trip to the U.S. to just 41 percent now. The trend line for Ma is clearly heading downward, and it will continue to do so as long as Ma makes concessions to Shih. In dealing with Shih, Ma is not fulfilling his mayoral duties but acting as the KMT chairman, Chen observed. With just two months left in office, Ma is showing his worst side at the end of his term, when he should be showing his best. This will hurt his future chances, and pan-Blue divisions will take away Ma's opportunity to become president in 2008, Chen predicted. The Democratic Progressive Party (DPP) noticed Ma's problems long ago but others had refused to believe this until the last month or two. While Ma has less and less chance for 2008, it is too early to say who will be the DPP candidate. Much can happen before the DPP presidential primary, and the front-runner now may not necessarily be on top in six months, as Ma's example shows.

Kaohsiung and Taipei Mayoral Races

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19. (S) Chen expressed confidence that DPP candidate Chen Chu has a chance to win the mayoral election in Kaohsiung, because of recent polling trends. Her numbers are moving up, while those of her KMT opponent Huang Chun-ying are moving down, and they are now separated by just four percent in the polls. In Taipei, the big question is whether People First Party (PFP) Chairman James Soong will enter the race on October 17, which would put pressure on KMT candidate Hau Long-bin, because his criticism of Ma Ying-jeou and Hau Long-bin would be more effective than criticism from the DPP side. While Soong cannot win, he probably believes he has to enter the race to help the PFP candidates for the Taipei city council. DPP candidate Frank Hsieh's chances are less than those of Chen Chu, but he should not be counted out because he is a good campaigner and there are two months left before the election. If the DPP holds on to Kaohsiung, that will stabilize the overall political situation for the DPP, Chen suggested.

Comment

110. (S) Chen seemed confident and buoyed by current trends in politics, which he portrayed as holding considerable promise of turning the negative tide which has engulfed him and his party the past year or more. However, he was much clearer in analyzing KMT politics than explaining how the DPP can put together a winning ticket in 2008, despite our efforts to probe this question. The implication of his description of the DPP process of determining its presidential candidate for 2008 seems to be that Chen is not yet reconciled to Premier Su Tseng-cheng's claiming that prize. The conventional wisdom would suggest he may still hope to push DPP Chairman Yu Shyi-kun as his successor, despite poll numbers which indicate Su is the much stronger candidate. Chen also seems much too eager to count Ma Ying-jeou, his longtime rival, out of the running for 2008, though we agree that Ma has not covered himself with glory these past several weeks.

YOUNG